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C O N F I D E N T I A L SECTION 01 OF 02 BUCHAREST 000615

SIPDIS

EUR/CE FOR ASCHEIBE

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TAGS: [PGOV](#) [EINV](#) [RO](#)

SUBJECT: MASSIVE LEGISLATION PACKAGE A LITMUS TEST FOR
RULING COALITION

REF: A. BUCHAREST 563

[1](#)B. BUCHAREST 594

Classified By: DCM JERI GUTHRIE-CORN FOR REASONS 1.4 (B) and (D).

[1](#)1. (C) Summary: Deteriorating relations between the Liberal Democrats (PDL) and Social Democrats (PSD) may hit a critical point in the coming days. Prime Minister Emil Boc (PDL) intends to fast track through Parliament three key pieces of legislation. Disagreement on part of the substance - as well as on PDL's determination to use a high-risk up or down vote to ram the package through Parliament - have strengthened PDL and put PSD on the defensive. The Social Democrats are in a difficult position: either compromise on the bills and appear as second fiddle in the coalition; or slow down and/or block the legislation, exposing the party to accusations of inaction in a time of economic crisis. PDL seems clearly to be seeking a way to weaken PSD, perhaps even forcing it to leave the coalition. End Summary.

[1](#)2. (SBU) On August 8, Prime Minister Boc announced that the Cabinet will "assume responsibility" in Parliament for several key legislative initiatives aimed at countering the economic crisis and reforming the state in compliance with Romania's modified agreement with the IMF (ref A). The draft legislation includes an economic stimulus package and separate bills on government restructuring, a unified pay scale for public employees and education reform. The last two topics are controversial: the Government has been frantically negotiating with unions on a unified pay bill, and coalition partners PDL and PSD are each pushing their own version of education reform.

[1](#)3. (SBU) "Assumption of responsibility" is yet another way for the Romanian Government to ram legislation through Parliament (ref B). Essentially, the Prime Minister appears before a joint parliamentary session and presents the draft legislation to Parliament for a simple up or down vote. The only way Parliament can reject the package is by introducing a no-confidence motion. If it does not, the legislation in question is considered adopted unanimously, without debate and or a recorded vote. (N.B. Parliament theoretically has a second chance to block if within three days at least a fourth of members sponsor a no-confidence motion. A simple majority of members in favor triggers dismissal of the Cabinet.)

[1](#)4. (SBU) After a ten-hour Cabinet meeting in the wee hours of September 3, Boc informed Parliament that the Government would indeed assume responsibility for the entire legislative package. He has called for an informal Saturday meeting with all Cabinet ministers for September 5 to analyze the final form of the laws in question. According to local pundits, questions remain over the timing and legality of the process.

[1](#)5. (C) For PDL the legislative package represents an opportunity to look proactive on the economic crisis and reforming the bureaucracy. With less than three months to go until election day, the party is rushing to build a record of

achievement that the President can point to on the campaign trail. The package also represents an opportunity to inflict damage on the PSD. Prime Minister Boc has consistently described the assumption of responsibility as a test of whether the governing coalition still exists, and combative PDL press statements indicate their determination to force PSD out of their habit of attacking their coalition partners.

Many PDL leaders favor pushing PSD out of the Cabinet regardless of Parliament's action on this particular legislation (septel).

¶6. (C) For its part PSD appears on the defensive, trying to gauge the seriousness of PDL rumblings. PSD reportedly has only agreed to the PDL draft for the government reform bill. PSD and its presidential candidate Mircea Geoana agree in principle with the legislation, but they fear the wrath of disgruntled unions - a key part of PSD electoral support. On education, the PSD-led Education Ministry has already opposed semi-publicly the draft sponsored by President Basescu; it would further weaken the party's image if it were to overrule its own experts in favor of Basescu. PSD has therefore favored "further debate" (i.e. indefinite foot-dragging) over fast-tracking education.

¶7. (C) Comment. Both Geoana and the PSD see withdrawal from the government coalition as a potential opportunity to distinguish and differentiate candidate Geoana from candidate Basescu. However, PSD leaders fear the public may instead simply see their party as irresponsible for compounding the economic crisis and potentially breaking up the coalition. More importantly, a majority of PSD ministers favor remaining in the coalition, and Geoana himself remains dependent on

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local party leaders who are intent on holding on as long as they can to the financial and organizational resources that participation in the coalition provides. Despite the brinkmanship, most PSD leaders hope that PDL and Basescu will compromise, allowing the PSD to save face. PDL appears to have the upper hand, and it is likely that any final showdown will come at a time of Basescu's choosing - not Geoana's.

End Comment.

GITENSTEIN